

Message Text

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PAGE 01 BRASIL 03131 241210Z

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 EA-06 ISO-00 AGR-05 COME-00

TRSE-00 STR-04 OMB-01 CIEP-01 CIAE-00 INR-07 NSAE-00

PA-01 PRS-01 USIA-06 L-02 H-02 CEA-01 SP-02 /065 W

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R 241100Z APR 75

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 8850

INFO AMEMBASSY CANBERRA

AMEMBASSY LONDON

AMEMBASSY MEXICO

AMEMBASSY SANTO DOMINGO

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

C O N F I D E N T I A L BRASILIA 3131

E.O. 11652: GDS

TAGS: ETRD, EAGR, BR

SUBJECT: SUGAR: LA PRODUCERS MEETING AT PUERTO PLATA

REF: A- BRASILIA 2326

B - BRASILIA 2658

1. AS FOLLOW UP TO MEETING WITH CABRAL DE MELLO REPORTED REF A, EMBASSY OFFICERS, ON APRIL 16, MET WITH ACTING HEAD OF FOREIGN MINISTRY'S ECONOMIC DEPARTMENT, SERGIO BATH, TO REVIEW FORTH-COMING PUERTO PLATA MEETING IN GREATER DEPTH.

2. EMBASSY OFFICERS NOTED THAT BRAZILIAN PRESS HAD REPORTED GOB SUGAR INSTITUTE SOURCES AS STAING THAT MEETING WOULD TAKE UP PRICE MAINTENANCE SCHEME (REF B). ECON COUNSELOR COMMENTED THAT THIS REPORT WAS CONTRARY TO GOB POSITION AS EXPRESSED BY CABRAL DE MELLO ON MARCH 26. HE RECALLED DEPARTMENT'S CONCERN THAT ANY SUCH UNILATERAL EFFORT BY LA PRODUCERS TO ORGANIZE CARTEL-TYPE ARRANGEMENT -- OR APPEARANCE OF ONE -- WOULD HAVE ADVERSE REACTION IN US.

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PAGE 02 BRASIL 03131 241210Z

3. BATH, WHO WILL ATTEND PUERTO PLATA MEETING, SAID HE WAS AWARE OF NEGATIVE ARTICLES IN US PRESS FOLLOWING CONZUMEL MEETING. THE TWO PRIOR MEETINGS HAD BEEN CONVENED BY SMALL LA PRODUCERS BECAUSE OF THEIR CONCERNS OVER EXPIRATION OF US SUGAR ACT. BRAZIL HAD NOT BEEN PARTICULARLY INTERESTED IN THE DISCUSSIONS AND HAD ATTENDED COZUMEL MEETING ONLY AFTER A SPECIAL APPEAL FROM MEXICO. PRICE MAINTANANCE HAD NOT BEEN SUBJECT OF DISCUSSIONS AT COZUMEL AND WAS NOT ON AGENDA FOR PUERTO PLATA. IN VIEW OF SUBSTANTIAL PRICE SLIDE OF PAST MONTHS, HOWEVER, DISCUSSION OF PRICES AT DOMINICAN MEETING SEEMED INEVITABLE.

4. BATH OBSERVED THAT, EVEN IF PROPOSALS TO ESTABLISH PRICE MAINTENANCE SCHMES SHOULD BE RAISED, THEY COULD NOT GET VERY FAR SIMPLY BECAUSE LA'S DID NOT HOLD ENOUGH OF THE WORLD SUGAR MARKET TO BE ABLE TO IMPLEMENT EFFECTIVE RETENTION PLAN. BRAZIL FAVORED BETTER COORDINATION AMONG SUGAR PRODUCERS ON A GLOBAL RATHER THAN REGIONAL BASIS. GOB, THEREFORE, WOULD PROBABLY SUGGEST THAT LA PRODUCER DISCUSSIONS BE BROADENED TO INCLUDE NON-REGIONAL PRODUCERS, AUSTRALIA IN PARTICULAR.

5. BATH WAS NOT WILLING TO EXPAND FURTHER ON THE KIND OF BROADENEDPRODUCER COORDINATION GOB WOULD FAVOR BUT COMMENTED THAT LOGICAL WAY TO ATTEMPT TO STABILIZE THE WORLD MARKET WOULD BE THROUGH A NEW INTERNATIONAL SUGAR AGREEMENT, IF EFFECTIVE PRODUCER-CONSUMER COOPERATION WAS TO BE ACHIEVED.
CRIMMINS

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